



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

August 7, 2013

U.S. Postal Service Budget Formulation and Execution Process

Report Number DP-MA-13-002

BACKGROUND:

The U.S. Postal Service's budget operates on a fiscal year calendar beginning October 1 and ending September 30, with the overall responsibility for the budget formulation process belonging to the chief financial officer. The process begins in February before the coming fiscal year and is completed about 8 months later with the Board of Governors approval.

The Revenue and Volume Forecast group initiates the budget process by developing revenue and mail volume forecasts for the upcoming fiscal year. They calculate these forecasts using changes in demand for postal products, to current laws and regulations, and in assumptions about the current economic outlook. Once revenue and mail volumes are projected, expenses are projected. The expense projections include operating budgets for about 32,000 field offices and other service-wide costs such as headquarters' administrative and program costs. At the same time, the Corporate Budget Office, Corporate Treasury Office, and other program managers prepare capital investment and financing plans.

Once projected revenue and expenses are reviewed and approved by the chief financial officer, the Integrated Financial Plan is developed by the chief financial officer; vice president, Finance and Planning; and the manager of Finance

Headquarters, with input from various departments. The Integrated Financial Plan combines the operating budget, capital investment plan, and financing plan into one document for review by the Executive Leadership Team. Once approved by executive leaders, the plan is presented to the Board of Governors for final approval.

Headquarters, area, and district personnel assess budget performance throughout the year. Additionally, the Corporate Budget Office and Corporate Accounting examine financial results for irregularities and abnormalities.

Our objective was to document and analyze the budget formulation and execution process. This report provides management with a single, consolidated document describing the budget process and provides a knowledge resource for future audits and analyses of Postal Service budgets.

WHAT THE OIG FOUND:

We found the Postal Service budget formulation and execution process has sufficient documented measures in place for managing and monitoring the budget process.

WHAT THE OIG RECOMMENDED:

The report does not contain any findings or recommendations. It documents the Postal Service's budget process.